

We're not going to rest until every American who wants a job can find one. We're going to continue to work for good policies for our workers and our entrepreneurs. I'll continue to push for pro-growth economic policies, all aimed at making sure every American can realize the American Dream.

George W. Bush
President of the United States

On May 11, 2005, USDA Rural Development celebrated 70 years of service to America. Much has changed since 1935 when the crisis was the Depression, our mission was agricultural stabilization, and the cutting edge was rural electrification. Today, rural America is dynamic and diversified; the cutting edge is broadband and renewable energy. Our Rural Development mission is increasing economic opportunity and improving the quality of life in rural America. But from 1935 through today,

one thing has remained constant: the commitment of the men and women of USDA Rural Development to the future of rural communities.



Mike Johanns Agriculture Secretary

Since the beginning of the Bush Administration, Rural Development has invested more than \$63 billion and created or saved more than 1.1 million jobs in rural communities. We have assisted almost a quarter of a million rural families to achieve the dream of homeownership and invested almost \$5 billion in our business programs alone.

The future holds challenges, but it also holds great promise. As you plan for the future, USDA Rural Development is here to support you and your community. We are locally based; as your neighbors, our employees are rooted in your communities and share your values and concerns, just as we have since 1935. We are proud of Rural Development's record of achievement throughout the past 70 years and we look forward to working with you to bring increased opportunities to Illinois as we work together to build an even stronger rural America.



Thomas Dorr Under Secretary for Rural Development

I he face of rural America continues to change, and USDA Rural Development is changing with it. No longer the "lender of last resort," we are rural America's investment bank, a venture capital entity that creates jobs, promotes business development, and provides community facilities and affordable housing. Our goal is to build viable and sustainable rural communities.

In each of the last five years, the Bush Administration has invested about \$13 billion in rural America. Rural Development has provided housing, water and sewer funds, hundreds of millions of dollars in business loan guarantees, telecommunications and electricity loans and grants. Public safety buildings, rescue equipment, libraries, town halls and access to broadband have all been made possible through the efforts of Rural Development.

What makes all this happen are the USDA Rural Development employees. They're highly skilled, dedicated, and truly "Committed to the Future of Rural Communities."

Housing Programs

Guaranteed Housing Loans	\$206,516,750
Direct Housing Loans	\$ 29,941,982
Repair Loans and Grants	\$ 3,382,065
Farm Labor Housing Loan	\$ 70,000
Housing Preservation Grants	\$ 133,500
Multi-Family Housing/Credit Sales	\$ 958,600
Rental Assistance	\$ 11,858,004
Self Help Site Loan	\$ 300,000
Site Loan	\$ 450,000
Total	\$ 253,610,90

Community Facility Programs

Community Facil			\$ 13,997,720
Community Facil	ity Grants		\$ 917,005
Community Facil	ity Guarant	teed Loans	\$ 1,170,100
Total			\$ 16,084,825

Business and Cooperative Programs

Intermediary Relending Program Renewable Energy Systems Grants Rural Business Enterprise Grants Rural Business Opportunity Grants Rural Cooperative Development Grants Value Added Producer Grants Total	\$ \$ \$ \$	750,000 1,676,626 1,096,500 71,000 287,780 385,938 14,611,044
Guaranteed Business and Industrial Loans Intermediary Relending Program	\$ \$	10,343,200 750,000
	\$	•
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Rural Business Opportunity Grants	\$	71,000
Rural Cooperative Development Grants	\$	287,780
Value Added Producer Grants	\$	385,938
Total	\$	14,611,044

Utilities Programs

4,000 3,850
•

GRAND TOTAL

\$326,378,420



In 2005 USDA Rural Development in Illinois reached new levels in many ways. As you review our annual report, you will see the results of the outstanding efforts the members of USDA Rural Development have made. Much of our success is due to the commitment of the exceptional people who work at Rural Development in Illinois

In the five years I have been state director, we have seen our program delivery grow substantially, from \$227 million to \$326 million in our core programs. During those years our loan portfolio in Illinois has grown to over \$1.3 billion. Our housing programs ranked #1 in the nation in 2005 as we made more housing loans and grants than any other state.

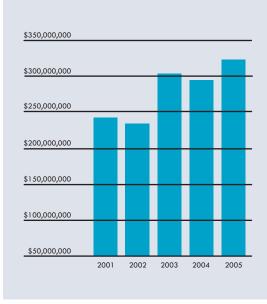
Our outreach efforts have contributed to our program results. Because we averaged more than one event or meeting per day in addition to our day to day contacts, more people are aware of and use our programs.

By expanding our partnerships we are able to extend our resources to more people in more parts of rural Illinois. Our partners help us identify clients and needs, develop projects, and contribute expertise and financial support. Together we create more opportunities for success and better solutions.

Rural Development will continue to grow and develop in 2006. We have opened a new office to serve the northwest part of the state and are adding staff to many locations. The services we can provide are growing. Our commitment and ability to assist rural communities, businesses and individuals are stronger than ever.

Douglas Wilson State Director

Five year investment in Illinois by Rural Development



COMMUNITY FACILITES

Community programs
offer financing and grants
for essential community
facilities for public use.
Public bodies and nonprofit organizations can
use the funds to construct,
expand or improve facilities
that provide health care,
public safety and public
services.

HOUSING PROGRAMS

Housing programs give
low and moderate-income
people opportunities to
own homes and make
them safe and sanitary
with loans, loan guarantees
and grants. Financing is
also available to developers
for affordable rental housing
that serves families, the
elderly and people with
disabilities.

BUSINESS PROGRAMS

Business programs provide financial backing and technical assistance to stimulate rural economies.

Loan guarantees and grants are available to businesses, public bodies, non-profit corporations, farmers, and cooperatives to finance business related activities that save or create jobs, add value to ag products and develop alternative energy.

WATER and ENVIRONMENT

Water and waste programs help rural communities afford safe drinking water and dependable waste disposal. Public entities and non-profit corporations can receive loans, loan guarantees and grants to build, repair and improve public water systems. Eligible projects include drinking water, sanitary sewer, solid waste and storm drainage.

Success through partnerships

Rural Development in Illinois has a very productive staff, averaging \$2.4 million in obligations per employee this year. We conducted over 1,000 outreach events, reaching 11,000 people. As proud as we are of those numbers, we cannot hope to reach the nearly two million rural Illinois residents on our own. We are grateful for the partners who help extend our reach, creating greater economic opportunity and keeping the quality in rural living.

Reaching the underserved

Rural Development made a concerted effort this year to try to reach some of the 21,000 rural Hispanic and Latino people in Illinois. With the help of Area Technician Juanita Vetos and many partners, we offered free homebuyer workshops entirely in Spanish or with the help of an interpreter. We met in a church, a community building, a public library, a school and a city hall. This year we made 73 guaranteed housing loans to Hispanics, 166% of our goal. Thanks to our many partners, including the Illinois Migrant Council, Fannie Mae, lenders, real estate agents, brokers, attorneys and home inspectors, we expect to see even better results next year.



The outreach team in northern Illinois included Rural Development Manager Dwight Reynolds; David Fuentes with Fannie Mae; Julie Berber with Coldwell Banker-Honig Bell; Dan Sabol with UnionBank; and Juliana Gonzalez-Crussi with the Illinois Migrant Council.



Children joined their parents at a workshop presented in Spanish where they learned about Rural Development housing programs.

Linking resources with the Mexican Consulate

As part of a partnership agreement between USDA and the Mexican Consulates in the US, State Director



Doug Wilson
has been working
with Consul
General Carlos
Sada in Chicago.
Together they
are finding
ways to ensure

residents of Mexican heritage in Illinois are aware of our programs. The Mexican Consulate is helping us with access to the Spanish-language media and providing translations in voice and print. Rural Development will focus on providing more workshops for Spanish-speaking people on programs for homeowners, renters, healthcare and childcare. The agency will also facilitate contacts between the Mexican Consulate and local officials and other organizations.

Combining resources to serve more homebuyers

More people can purchase homes because of the partnership of Rural Development and Western Illinois Regional Council. By combining our direct loans with their forgivable homebuyer loans for closing costs and necessary home upgrades, we are able to help more low-income people secure their dream of home ownership. The Council's Kevin Wiehardt wrote our Carthage office that



"I quite frankly can't imagine what we would do without your office. There have been many projects we would not have been able to even start without your help." The feeling is mutual.

YouthBuild and Self-Help Housing

Working side-by-side, six families are helping to build each others homes in the new Stoneman Gardens subdivision in **Carlock**. The project would have been impossible without **YouthBuild's** involvement. **YouthBuild McLean County** is part of a national organization that provides leadership skills instruction, education toward a general equivalency diploma and construction training.



Members of YouthBuild staff and self-help homebuilders gather at the groundbreaking in Stoneman Gardens.



Construction of six self-help homes is scheduled for completion in Spring 2006.

With \$1 million in financing from Rural Development, **YouthBuild** is recruiting self-help homebuilders, providing technical assistance and coordinating the training and building process. They are exceptional partners, bringing their expertise and enthusiasm to help people with modest incomes have the chance to invest sweat equity in return for their own homes.

Home construction revival in Carbondale

The Carbondale Home Ownership Project gave a north side area of Carbondale its first opportunity in 30 years for new home construction. The project kicked off in June, thanks to a broad-based coalition that included Rural Development, the City of Carbondale, Southern Illinois University Carbondale, and various other government and community organizations. Project funding will make affordable homes available to low and moderate income Carbondale residents.



Congressman Jerry Costello, Rural Development Director Doug Wilson and Mayor Brad Cole display the poster developed to promote Carbondale as a Rural Development Housing Community.

The Home Ownership Project is phase two of an effort by Rural Development, Congressman Costello and Mayor Cole to revitalize the housing market in Carbondale. With help from Congressman Costello, Congress made Carbondale, whose population is inflated by university students, eligible for Rural Development housing programs.

Shelly Rich with SIU Credit Union welcomed the change when it was announced. "Not only will it open up the housing market in the City of Carbondale, it will benefit the economy as well—new people moving into Carbondale, working in Carbondale, spending money in Carbondale, and more children attending school in Carbondale."

Cooperating on cooperative development



Under Secretary Tom Dorr meets with Dr. Chris Merrett and Mary Holmes from the IVARDC at the Farm Progress Show after presenting them with a check for \$287,780.

The Illinois Value Added Rural Development Center at Western Illinois University in Macomb has been a long time Rural Development partner. They have shared their expertise and technical assistance with numerous communities and cooperatives throughout the state, helping them to become more economically viable and reach their potential.

The Center's most recent collaboration with Rural Development is helping producers to raise farm income through cooperative development and integrating agriculture and small businesses into local and regional economic development strategies.



Rural Development partnered with Ameren, one of the state's largest sources of natural gas and electricity, to spread the word about the home repair and rehabilitation program.

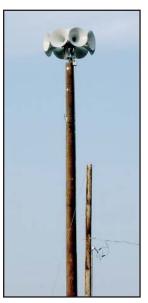
To help homeowners weatherize their homes for winter, Ameren got out the word on our loans and grants in three ways: bill inserts that went to 1.4 million users; a newsletter to agencies working with the Low Income Home Energy Assistance Program that helps eligible people pay their utility bills during extreme weather; and a LIHEAP provider conference. Thanks to Ameren, we received scores of requests from eligible homeowners.

Building stronger communities

\$16 million in community facilities funding—46 projects Secured 221% of our allocation for 14 additional loans Utilized 330% of our allocation for grants—31

Creating safer communities

The President's First Responder Initiative directed federal agencies to make it easier for rural communities to prepare for emergencies and deliver lifesaving services. This year Rural Development responded to that directive by investing in the lives and security of rural Illinoisans with \$347,000 in community facilities loans and grants that will finance these services.



State-of-the-art technology is available to forecast severe weather, yet many small communities can't take advantage of that technology to alert their residents of approaching storms. Rural Development is addressing this problem by awarding grants to small communities for the purchase and installation of storm sirens.

This year alone we made Scotia, Hamilton, Tennessee, Bardolph, Blandinsville and Cave Eastern Fire Protection District safer communities in which to live with grants for storm sirens.



Residents of
Edwards County
found themselves
without ambulance
service when the
private provider
discontinued service
and they couldn't
fulfill their reciprocal
ambulance service

agreements. County leaders got creative and formed a non-profit corporation, passed a small levy, and borrowed low interest funds from Wayne-White Counties Electric Coop's revolving loan program to pay the operational costs for the new Edwards County EMS. Rural Development had capitalized the coop's revolving loan fund. We also provided a grant for two used ambulances, communications equipment and office equipment to take care of the rest of their needs.



Spring Creek Fire Protection District serving Nebo and other surrounding communities, has a new firehouse and a like-new tanker truck thanks to \$180,500

from Rural Development. According to District Trustee Andy Borrowman, "A fire department's best asset is its firefighters. We have a 60-man roster. Its second best asset is its equipment. We now have a facility that can accommodate our two best assets."



Over the last two years the St. Clair Special Emergency Services Association used grants from Rural Development to purchase equipment that specially trained firefighters are using to handle hazardous materials throughout the State of Illinois and the St. Louis metropolitan area. The association used the \$78,000 to buy two new Chevrolet 2500 Silverado Crew Cab pickups outfitted with 36-foot long gooseneck trailers to house the equipment.

Creating a better place to live



Pre-schoolers celebrated with cookies and cider after donning hardhats and "breaking" ground for the **Care-O-sel Child Care and Education** addition in **Virden**. When the 1,800 square foot addition is completed, the building will comfortably accommodate the 50 children in Care-O-sel's Before and After School Program and the Virden Elementary Community Based Preschool program.



With a Rural Development direct loan for \$2.8 million and a loan guarantee of \$1 million, Richland Memorial Hospital in Olney will have a new, state-of-the-art 10 bed women's center to provide obstetric and gynecological services. This is an important addition for the area since the obstetric departments closed at Lawrenceville and Flora hospitals. The new center will increase the hospital's capacity to deliver 150 more babies a year. The financing will also provide funds for a restructured admitting area, covered entrance, women's imaging center, ambulance services building and relocation of same-day surgery services.



The people of **Potomac** dreamed and planned and saved for five years for a community building in Millie Curtis Park. When Rural Development provided \$384,000, the village had all the funds it needed to build their new community center. It's the perfect place for events like receptions, health fairs, and recreational activities. It also houses some village offices. This project has been a catalyst for more improvements, and the citizens are excited about the future of their community.

Faith Based and Community Initiative

Because of their long tradition of helping those whose needs are greatest, faith-based and community organizations can be the most effective groups to deliver essential community services. Rural Development is making a concerted effort to encourage these organizations to take full advantage of our programs.

Three faith-based groups accessed over \$1.7 million from Rural Development to provide community services this year.

His Precious Little Ones, a child care center in Lincoln, will provide care between 6 a.m. and 12:30 a.m. to accommodate parents working morning and evening shifts. Funds are being used to purchase, renovate and equip the building where they can care for 70 children.



Maple
Lawn
Health
Center in
Eureka is
sponsored
by the
Mennonite
Church and
serves the
elderly
with skilled
nursing

and shelter care in addition to a closed unit for those diagnosed with dementia. Rural Development funds are being used to update and improve the health center.

Christian Home CareServices in Lebanon was created to provide Christian care to the ill, elderly and disabled with transportation, respite care, companionship and home care to help the people they serve stay as independent and active as possible. Funds were used to repair the roof, replace the air conditioner and furnace and make the bathroom accessible.

HOUSING PROGRAMS HOUSIN

Best year ever

for guaranteed housing loans...
...in Illinois and across the nation!

#1 in guaranteed housing loans—2,729

#1 in home repair loans—544

#1 in overall funding for single family housing—3,891

\$240 million to help people enjoy living in their own homes

Secret to our success

A spectacular year doesn't just happen by chance. Rural Development offices moved in to hyper-gear to work more closely with lenders; provide better information to lenders, homebuyers and homeowners; and expand outreach to underserved clients.

 We start with a great program. The guaranteed loan program provides up to 100% financing for moderate-income applicants and offers great advantages:

No down payment
No monthly mortgage insurance
No maximum purchase price
Flexible credit standards
Competitive fixed interest rates
Generous income limits
Expanded qualifying ratios

- 2. We developed targeted, Illinois-specific materials designed for individuals, lenders and real estate professionals. Field offices now have 12 publications, mailers and templates, as well as a guaranteed loan website, PowerPoint presentations and newsletters, to show clients why Rural Development is the best home financing resource available. The web address is: www.rurdev.usda.gov/il/grh.htm
- 3. We have cultivated 60 "million dollar lenders"—
 that's 40 percent more than last year. Not far behind
 them are 29 half-million dollar lenders. Once a
 lender gets to know us, they love us.



Congradulations to Eagle Mortgage Brokerage in Peoria for their tremendous guaranteed home loan volume. They made 149 guaranteed loans totaling \$9.6 million. Accepting the plaque are Rick Riggens, Owner Ron Riggens, Mona Wehking and Wanda Gardiner.

Housing is the number one economic development tool in a community. Towns can't grow without available housing. New homeowners and those upgrading to larger homes increase local tax revenues, support local businesses, and create a sense of stability that leads to economic growth.

Direct home loans

Direct loans give families and individuals with low and very low incomes the opportunity to buy, build, rehabilitate and improve dwellings in rural areas.

Affordable housing for renters

\$11.9 million in rental assistance
Over 600 rental complexes financed
\$263 million in rural rental housing loans



The Housing Authority of the City of Pekin partnered with Rural Development to purchase the deteriorating Green Valley Apartments and do a major renovation to this 12 unit family complex. This project was just the beginning of a "win-win" relationship between Rural Development, Authority board members and Executive Director Dennis Green to provide quality housing for lower-income renters.



Brainard Landings in **Lincoln** is a brand new \$4 million apartment complex with 56 units for moderate income families. Attractive apartments like these have clubhouses and playgrounds that can make rural communities a welcome place for moderate income workers. Rural Development's guarantee of 90% of the loan helped the private developer Pedcor keep the rent affordable. Rents for 1, 2 and 3 bedroom units range between \$265 and \$475.

Achieving excellence: Site managers of the year

Good site managers can guarantee the success of a housing complex. Rural Development honored two outstanding site managers in 2005 who have done an exceptional job of handling day-to-day operations and creating safe and pleasant communities for their tenants.



Leigh Ann Jackson, manager of the Pear Tree Apartments in Golconda, was named site manager of the year for family housing. With only two years on the job, Ms. Jackson

was sited by the property owner as "the best site manager we have ever had without exception." Tenants and neighbors agree the property looks as good as new and has never been so clean and well kept. Vacancies fill quickly. Tenants think she is a terrific lady who is honest, fair, hard working, helpful and concerned about the people around her.



Nancy Bitner, manager of the Havana Apartments, was named site manager of the year for senior housing. Tenants say she is one of the nicest people they know, but has

no trouble standing up to difficult problems. During the holidays she gives all her elderly tenants presents and goes the extra mile to bring them good cheer. She not only keeps good records and ensures the property is well taken care of, she also checks on the tenants who are sick, organizes parties, bingo and pot lucks, and schedules morning coffee and sweets, all of which makes tenants happy and proud to live there.

Jessie Stewart from **Litchfield** came to Rural Development for a loan to help her replace her siding, repair a vent pipe, and replace windows and ceiling tiles. The 20 year loan at one percent interest was such a good solution for her **repair needs** that she was just approved for a second loan to replace the roof.





A direct loan helped Floyd and Laura Ervin move from a deteriorating handme-down mobile home to an attractive house in Centralia. The affordable no-money-down direct loan made it possible for them to make substantial improvements to their new home.



According the Ervins, "Being able to actually buy a nice home is a dream come true for us."



Creating economic opportunity

Sustaining 64 businesses with \$110 million Helping to retain or generate 3,500 jobs \$1.5 million in grants for renewable energy

Promoting a dynamic business environment

Successful business ventures often require creative solutions. The Village of **Vergennes** and **J&B Computers**



were definitely creative. The village received a Rural Business Enterprise Grant to construct an addition to their community center there by solving a space problem for J&B.

The company received \$400,000 in Rural Development broadband grants and needed space to expand their service. Now they share a wall and a parking lot with the community center. J&B sells and services computers, provides internet service to the area and conducts computer classes. As an extra bonus for the community, the computers are available to the public during the day and some evenings when classes aren't being held.



Farmers Elevator Co. of Lowder built a rail loop siding that accommodates 110 jumbo hopper cars. The unit train cars can be completely loaded in 15 hours. Rural Development made the project possible with a loan guarantee for \$4.3 million that also was used to purchase additional grain storage, high-speed loading and unloading equipment, track, switches and additional tanks and equipment to expand service to fertilizer customers. This is also the site of one of the world's largest round bins holding 1.5 million bushels. Lowder is a 101 member grain and agronomy marketing coop in Sangamon County.



Doug and Tom Block are using a manure digester to generate electricity for their 600-cow dairy, selling what they don't use to the power grid, and providing renewable energy that powers their neighbors' homes.

The by-products of the digester process are nutrient-rich, weed-free and odorless fertilizer and high quality bedding for the cows. The on-farm power source and sale of excess electricity, fertilizer and bedding help defray their costs and make their dairy operations more profitable. The manure digester cost nearly \$1 million, but a \$242,000 renewable energy grant from Rural Development, a state grant and local assistance make this a wise use of a readily available energy feedstock.

\$424,124 awarded Value-Added Producer Grants

These funds help agricultural producers develop businesses that produce and market value-added agricultural products. These products have been enhanced in some way to provide higher value than the commodity products from which they were developed.



Blackhawk Biofuels, LLC

Freeport \$100,000
Planning grant for a proposed 30 million gallon biodiesel production facility

Pulaski Alexander Farm Bureau

Mounds \$100,000

Feasibility study of an ethanol plant using innovative marketing of by-products

Patriot Renewable Fuels, LLC

Geneseo \$100.000

Planning grant for a 50 million gallon dry-mill ethanol plant

Lamb of God Farm

Big Rock \$24,125

Capital grant to process wool into fiber for high value, identity preserved products

\$1.2 million in energy grants for wind turbines

Today clean, renewable sources of domestically produced energy are more important than ever. These grants are good for the environment, the economy and the farmers' bottom line.

AgriWind, LLC

Tiskilwa \$495,373

Purchase and installation of a 1.65 or 2 megawatt wind turbine

Guthrie Wind, LLC

Caledonia \$393,751

Purchase and installation of three 1.65 megawatt wind turbines

Rabe Wind, LLC

Caledonia \$393,751

Purchase and installation of four 1.65 megawatt wind turbines

Oak Prairie Windfarm, LLC

Lena \$393,751

Purchase and installation of six 1.5 megawatt wind turbines





Council President Larry Sterett presented State Director Doug Wilson a token of appreciation for the years of help and trust Rural Development has shown the Prairie Hills RC&D.

Like other RC&Ds, Prairie Hills Resource, Conservation and Development, Inc. assists local people by providing tools and technical support to stabilize and grow their own communities and to protect and develop natural resources with a diverse group of local volunteers. Rural Development replenished Prairie Hills' revolving loan program with a \$750,000 loan at one percent interest. The RC&D uses the funds to make affordable loans to new and exiting businesses in six west central counties. Prairie Hills leveraged previous Rural Development grants of \$750,000 during the past nine years with \$7 million from banks, other municipal revolving loan programs and owner equity. The result was 178 jobs created or retained.

2005 Business Innovator of the Year

Doug Wilson named Eric Gubelman, president of Eagle Theater in Robinson, the 2005 Business Innovator of the Year. Gubelman took a vacant Moose Lodge and converted it into a five theater high-tech movie complex showing first-run films.



In a little over a year, Eagle Theater was hitting its attendance projections of 85,000 a year—in a town of 6,800 people. Many of the movie-goers are coming from up to 50 miles away to see the newest nationally promoted films, a rare opportunity in most rural areas. The theaters accommodate 650 people.

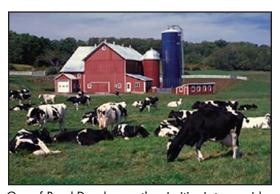


"Business success in a rural community requires someone who is committed to the community, someone who has a vision and the intellectual wherewithal to try something new, and someone who has the passion and stamina to see a project through," Wilson said. "Eric is that kind of person."

Safe affordable water

#3 in the number of loans obligated—34 #5 in the number of grants awarded—16 \$39.5 million provided for projects in 30 counties Utilized 142% of our allocation

Ensuring quality of life



One of Rural Development's priorities is to provide water to farm operations and homes in very rural areas. The **Bond Madison Water Company** has extended its lines to these hard-to-serve areas. They currently provide water to 1720 rural households and livestock and grain farms, eight communities and a public water district. With this year's funding, Bond Madison will install 84 miles of waterline to 343 more rural households.



At the Earth Day celebration, water board member Charles Kruenegel expressed his relief that he no longer had to worry about the contaminants in the water that made it too hazardous for his grandchildren to drink.

Rural Development helped celebrate Earth Day in Illinois by delivering a check for \$3.1 million to the Fayette Water Company at the Immanuel Lutheran Church in Augsburg. A 220,000 gallon water storage tank and 110 miles of water lines will ensure 400 more Fayette County users in this completely rural area will have enough safe water.



Rural Development awarded **ABS Water Cooperative** a \$1.3 million grant and \$2 million in loans to help it serve 239 more homes in **Adams, Hancock, Brown, Pike and Schuyler counties.** After six expansions in 20 years, the coop now serves more than 1,800 customers. The water service is a critical part of the health and economic well being of the five county region.



Many of the water systems built decades ago in rural subdivisions have outlived their usefulness. The cost to replace them is often prohibitive. The residents of Moecherville near Aurora had inadequate water storage, mains too small for proper fire protection, and excessive iron that stained the laundry and affected the taste of the water. Without \$3.1 million in funding from Rural Development, the problems could not have been solved.



The Jersey County Rural Water Company purchased a building in Jerseyville to house their new headquarters. The larger office will provide additional space for the company's 10 employees, a drive-up window and a night drop. Rural Development funds can be used to finance administrative offices as well as water and sewer systems themselves.



To address the unsanitary conditions created by failing septic tanks, residents of **Alma** needed to install sewer lines and construct a sewage treatment facility. Thetask would have been impossible for the village of 386 people without \$1.8 million ingrants and loans from Rural Development. The Village also received Community Development Block Grants from the State of Illinois for design and construction. A CDAP design grant is often a critical part of a project's financing.

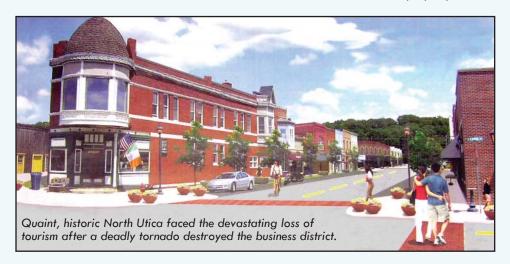
When disaster strikes, Rural Development takes action



Doug Wilson and Congressman Jerry Weller (right) presented North Utica Mayor Fred Esmond (center) with \$100,500 to restore history with period street lighting, planters, decorative sidewalks, benches, kiosks and landscaping.

Hurricanes Katrina, Rita and Wilma swept away the lives of many Gulf Coast residents. Rural Development in Illinois was quick to respond—expediting the relocation process by cutting the red tape—and found safe, secure homes for 37 people. Some of the displaced people like Don and Kathy King and their two children headed to Wenona so they could be closer to family. Others needed temporary accommodations, like the families who used the farm labor housing in Cobden.

Tornadoes are the weather nemesis in Illinois. A tornado destroyed the **Cypress Grade School** and we paid for the water and sewer main to the new school. The Bagleys took refuge for months inside a school bus after a tornado tore through **Chenoa**. With our low cost loan they built a new home on their old property.



T-L Rural Water District extended

Plagued by wells that went dry from this year's drought, people living in the unincorporated area of **Orchard Mills** in **Peoria County** were desperate for safe, affordable and reliable drinking water. With a loan and grant totaling \$2.2 million from Rural Development, T-L Rural Water District extended its service to **Hollis Township**. The funding is also being used to construct a storage tank to ensure adequate water pressure.



Congressman Ray LaHood (second from the left) and Rural Development Program Director Jerry Townsend present a check to Supervisor Gary Thomas from Hollis Township and Board Chairman Robert Meyer from T-L Rural Water District.



Since 1979, Illinois Rural Water Association has provided training and on-site technical assistance to community and non-profit water and wastewater systems. Funded in part by Rural Development and working hand-in-hand with many of our water customers, IRWA has the expertise to guide system operators, managers, board members and local government officials through the very technical and costly process of providing rural water.

Conducting rate studies, ensuring contamination prevention, locating leaks in water systems, determining chemical treatment dosages for iron removal, and helping prepare documentation for EPA permits are only a few of the valuable services they provide.

SIDEZ SIDEZ SIDEZ SIDEZ SIDEZ SIDEZ SIDEZ SIDEZ SIDEZ

2005 Farm Progress Show

The Farm Progress Show is the nation's largest outdoor farm show. This year the show was held at the brand new permanent biennial site in Decatur. Tens of thousands visited "Progress City," chief of whom were Secretary Mike Johanns and Under Secretary Tom Dorr.



The Secretary visited with State Director Doug Wilson and Rural Development staff Tina Anstrom, Karen Lee and Jerry Townsend.



State Director Doug Wilson, Congressman Tim Johnson and Secretary Johanns present the check to Bill Osting from Garden Homes, BarryTaylor from Fairview, and Richard Judge and Rick Skees from RE Water.

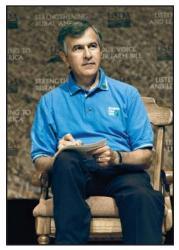


"Rural Rick" Koester and "Development Dan" Jansen show visitors how to play Rural Development's version of the "Game of Life".



Secretary Johanns signs a check for \$4.8 million for rural water and sewer improvements.

Secretary Johanns heard lots of praise for Rural Development and the importance of maintaining its many programs in the next farm bill. A quarter of those making comments spoke about the value of Rural Development.



Secretary Mike Johanns held a Farm Bill Forum after visiting the Farm Progress Show nearby.

Under Secretary Tom Dorr spent opening day at the Farm Progress Show talking with the media on rural issues, meeting with farm leaders and presenting grants to West Frankfort and Western Illinois University.



Under Secretary Dorr chats with Al Tell of Ag Day Television on a broadcast from The Farm Progress Show.

Partnership with SIDEZ Revitalizes Pulaski County



Rural Development Specialist Glen Hall and Executive Director Donna Raynolds of the Southernmost Illinois Delta Empowerment Zone, (SIDEZ) started working together even before Pulaski, Alexander and Johnson counties received the designation as an empowerment zone. This designation brings with it resources to help economically distressed areas create economic opportunities.

Since 1999 Donna has been coordinating the myriad of grassroots groups who help to identify needs and develop strategies for the area. She also coordinates a long list of local, state and federal funding sources. Rural Development supports administrative and program costs of **SIDEZ** with \$2 million annually and is the primary investor in **SIDEZ** projects. In return we are guaranteed that the funded projects have the support of Donna's vast network of community leaders. According to Donna, "Ours is a partnership to make their dreams come

true." The partnership only works because of the extraordinary commitment of the **SIDEZ** staff and the people who selflessly serve on the board and committees.

Building a community

Making a difference in Mounds and Pulaski County

Rural Development administers the Rural Empowerment Zone program. When the people of **Pulaski County** began to consider applying for the program, we were there to mentor them through the entire process. Our commitment to provide real opportunities for growth, stability and revitalization in the **Southernmost Illinois Delta Empowerment Zone** (SIDEZ) has never flagged. **Mounds**, where the SIDEZ office is located, became a focal point for Rural Development efforts—a sort of demonstration of what we could do for the eligible areas of Pulaski, Alexander and Johnson counties.



Tri-County Jail in Mounds serving Pulaski, Alexander and Johnson counties



The new library in Mounds



Pie's Bakery and Deli in Mounds

Until Rural Development got involved, there hadn't been any new construction in Mounds for over 25 years. Now there are new homes, a business park and a new library. **Pulaski County**, a leader in securing the empowerment designation and implementing the strategic plan, has built an industrial park near the interstate, a business incubator and an ambulance service building. There's new energy and more leaders are developing and stepping to the fore. Our \$34 million investment paired with the commitment of concerned citizens proves we can provide nearly everything a community needs for quality of life.



The business incubator in Mounds



A new single family home in Vienna



New sewer line being inspected in Olmstead

Rural Development Investment in Mounds and Pulaski County

Water and/or Sewer Karnak Mound City Mounds Olmstead Pulaski SouthWater, Inc. Ullin

Community Facilities

Mounds Library Mound City street equipment Olmsted Library Pulaski Village Hall Pulaski County

- -Ambulance service building
- -Tri-County Jail
- -Smiles Senior Center repairs
- -911 equipment upgrade -Courthouse improvements

Ullin FPD station

Business

Ullin business relocation ER&R rail car cleaning, Mounds Funds for development partners

- -Shawnee Community College
- -SIDEZ
- -Southern Five Development Corp.
- -Shawnee Development Council Grand Chain Lodge and Boat Dock Industrial Park, Mounds Pulaski County Business Center Pulaski County Revolving Fund
- -Cam-O-Clad
- -RBS China, Inc.

Housing

72 home purchases and repairs 28 apartment units

TOTAL: \$34,140,032

IGHT AWARDS SPOTLIGHT AWARDS

2005 Spotlight Awards

Office of the Year: Ottawa Local Office



Front row: Technician Virginia Farrell, Assistant Sarah Lowe, Technician Janice Studer. Back row: Manager Dwight Reynolds, Specialist Chris Moore, Specialist Tony Humble.

Specialist of the Year: Glen Hall



Glen Hall Specialist, Harrisburg Area Office

Support Staff Employee of the Year: Tina Anstrom



Tina Anstrom Technician, State Office in Champaign

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Champaign County 217-352-3536

Carthage

Hancock County 217-357-2188

Quincy

Adams County 217-224-9307

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Charleston

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Effingham County 217-347-7107

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